Supreme Court, U.S.
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No. _____

IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

SNAP-TITE, INC.,

Petitioner,

vs.

NATIONAL COUPLING COMPANY, INC.,

Respondent.

On Petition to the United States Court of Appeals for the Federal Circuit

PETITION FOR WRIT OF CERTIORARI

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52pp

QUESTIONS PRESENTED

1. Does a patent expire pursuant to 35 U.S.C. §41(b) if a small entity maintenance fee was paid when a large entity fee was admittedly due?

2. May a patentee incorrectly pay maintenance fees at small entity rates when admittedly not entitled to do so and later, during litigation of the patent and after the grace period and without petitioning the Commissioner to accept the delayed payment of a maintenance fee, pay the difference between the large and small entity rates?

3. Is 37 C.F.R. §1.28(c) a maintenance fee payment rule?

4. Does 37 C.F.R. §1.28(c) permit payment of maintenance fees at any time?

PARTIES TO THE PROCEEDING

The Petitioner is Snap-Tite, Inc. ("Snap-Tite"), a Pennsylvania corporation having its principal place of business at 201 Titusville Road, Union City, Pennsylvania 16438. Petitioner is the defendant-appellant below.

The Respondent is National Coupling Company ("National"), a Texas corporation having its principal place of business at 1316 Staffordshire Road, Stafford, Texas 77477. Respondent is the Plaintiff/Cross-Appellant below.

RULE 29.1 STATEMENT

Petitioner Snap-Tite, Inc. is a Pennsylvania corporation.

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SNAP-TITE, INC.,

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VS.

NATIONAL COUPLING COMPANY, INC.,

Respondent.

On Petition to the United States Court of Appeals for the Federal Circuit

PETITION FOR WRIT OF CERTIORARI

To the Honorable, The Chief Justice and the Associate Justices of the Supreme Court of the United States.

Your Petitioner, Snap-Tite, Inc., respectfully prays that a Writ of Certiorari issue to review the order of the United States Court of Appeals for the Federal Circuit entered June 10, 1994 and the order denying the petition for rehearing and the suggestion for rehearing en banc entered July 28, 1994.

CITATIONS TO OPINIONS BELOW

The judgment of the United States Court of Appeals for the Federal Circuit entered June 10, 1994 is printed in the Appendix to this Petition at pages A1. The order of the United States Court of Appeals for the Federal Circuit denying the petition for rehearing and the suggestions for rehearing en banc is printed in the Appendix page A2.

The decision of the United States District Court for the Southern District of Texas is reprinted in the Appendix at pages A3-A4. The transcript of trial proceedings, (March 4, 1993), in the United States District Court for the Southern District of Texas, Houston Division wherin the District Court held the'859 patent valid (not expired) is reprinted in the Appendix at page A5.

JURISDICTION

The Judgment of the United States Court of Appeals for the Federal Circuit was entered June 10, 1994 and the petition for rehearing and suggestion for rehearing en banc was denied July 28, 1994.

Jurisdiction of this court is invoked under the provisions of 28 U.S.C. §1254(1).

JURISDICTION BELOW

Jurisdiction in the District Court was based on 28 U.S.C. §1338(a). Appellate jurisdiction in the United States Court of Appeals for the Federal Circuit was based upon 28 U.S.C. §1295.

STATUTE INVOLVED

The federal statute involved and to be considered is 35 U.S.C. §41(b) (1992):

> (b)... Unless payment of the applicable maintenance fee is received in the Patent and Trademark Office on or before the date the fee is due or within a grace period of six months thereafter, the patent will expire as of the end of such grace period.

STATEMENT UNDER SUPREME COURT RULE 29(.4)(B)

In this case the constitutionality of an Act of Congress has not been questioned.

STATEMENT OF THE CASE

National sued Snap-Tite and Cooper Industries, Inc. (hereinafter "Cooper") on November 14, 1990 alleging infringement of all claims of each of three United States Patents. Those patents are: U.S. Patent Nos. 4,694,859 (the "'859" patent) issued on September 22, 1987; 4,574,780 (the "'780" patent) issued on July 5, 1988; and 4,832,080 (the "'080" patent) issued on May 23, 1989. Snap-Tite counterclaimed for an adjudication of patent invalidity for all three patents. The three patents, as issued, are directed toward undersea hydraulic couplings.

Cooper was dismissed from the lawsuit. On February 20, 1991, National and Cooper entered into a license agreement and a settlement agreement and exchange of releases resulting in a dismissal of Cooper, without prejudice. Cooper, employing 53,900 people, is a large entity pursuant to federal law.

National admittedly licensed Cooper, a large entity employing 53,900 people, on February 20, 1991 in exchange for a payment of money. National however, subsequent to the February 20, 1991 license, paid small entity maintenance fees for the '859 on March 13, 1991 and for the '780 on December 31, 1991. The United States District Court for the Southern District of Texas, Houston Division found the '859 patent not invalid (not expired).[1] The District Court determined several Snap-Tite couplings infringed the '859 patent, App. A3.

Snap-Tite sought a determination that the '859 patent had expired because an expired patent cannot be infringed. National admitted noninfringement of the '780 patent but nonetheless Snap-Tite sought a declaration of invalidity of the '780 at trial. The District Court effectively dismissed the '780 patent at trial due to National's admission of non-infringement and refused to hear testimony in regard to its invalidity. The United States Court of Appeals for the Federal Circuit affirmed the decision without opinion.

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[1] App. A5.

National, at trial, offered documents into evidence dated March 1, 1993, entitled: "SUBMISSION OF MAINTENANCE FEES TO CURE DEFICIENCY AND VERIFIED STATEMENT IN SUPPORT" for the '859, '780 and '080 patents.[2] National's "submissions" under 37 C.F.R. § 1.28(c) (1982) are deficient on their face and are in contravention of 35 U.S.C. §§ 41(b), (1992), 37 C.F.R. § 1.378 (1993)[3] , and 37 C.F.R. § 1.366 (1984)[4] , in that said patents have expired.

SUMMARY OF THE ARGUMENT

The '859 and '780 patent have expired as a matter of law. National has admitted that small entity status was incorrectly claimed and the incorrect maintenance fee was paid. The pertinent portion of 35 U.S.C. §41(b) (1992) states:

> **(b)... Unless payment of the applicable maintenance fee is received in the Patent and Trademark Office on or before the date the fee is due or within a grace period of six months thereafter, the patent will expire as of the end of such grace period.**

The statute is clear, and as such, the '859 and '780 patents have expired.

ARGUMENT FOR GRANTING RELIEF

I. The '859 patent expired pursuant to 35 U.S.C. §41(c) when a small entity maintenance fee was paid when a large entity fee was admittedly due.

The portion of 35 U.S.C. §41 quoted above was originally enacted by legislation entitled: Patent and Trademark Laws, Pub. L. 96-517, §41, 94 Stat. 3017 (1980). App. A10. The language of the statute is mandatory, to wit, a patent expires

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[2] App. A6-9.

[3] App. A20-21.

[4] App. A18-19.

unless payment of the maintenance fee is received when due or within the six month grace period after the due date.

The pertinent portion of 37 C.F.R. §1.362(g) (1984) states:

> **Unless the maintenance fee and any applicable surcharge is paid within the time periods set forth in paragraphs (d), (e) or (f) of this section, the patent will expire as of the end of the grace period set forth in paragraph (e) of this section. A patent which expires for the failure to pay the maintenance fee will expire at the end of the same date (anniversary date) the patent was granted in the 4th, 8th, or 12th year after grant.**

The pertinent portion of 37 C.F.R. §1.366(b) (1984) states:

> **Payment of a maintenance fee and any necessary surcharge or the authorization to charge a deposit account may be submitted within the periods set forth in 37 C.F.R. 1.362(d), (e) or (f). Any payment or authorization of maintenance fees and surcharges filed at any other time will not be accepted and will not serve as a payment of the maintenance fee except insofar as a delayed payment of the maintenance fee is accepted by the Commissioner in an expired patent pursuant to 37 C.F.R. 1.378...Payment of less than the required amount.... will not constitute payment of a maintenance fee or surcharge on a patent.**

Any payment of a maintenance fee after 4, 8 or 12 years will not be accepted and will not serve as payment of the maintenance fee unless the Commissioner so accepts the payment on a petition pursuant to 37 CFR §1.378 (1993).[5] National admittedly did not petition the Commissioner to accept delayed payment of a maintenance fee in an expired patent to reinstate

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[5] App. A20.

the patent pursuant to 37 C.F.R. §1.378.[6] Additionally, 37 C.F.R. §1.366(b)(1984) requires full payment of the required amount of the maintenance fee to prevent expiration. Patent fees are payable in advance. 37 C.F.R. §1.22 (1983).[7]

National maintained below that 37 C.F.R. §1.28 permits payment of the amount due (of a maintenance fee) after the 4, 8, or 12 year periods. National incorrectly argued below that 37 C.F.R. §1.28 (1992) implemented 35 U.S.C. §41(h)(1992). Subsection "(h)" was added to the statute by legislation entitled: Patents and Trademark Office: Authorization and Amendments, Pub. L. 99-607, §1(b)(2), 100 Stat. 3470 (1986). 37 C.F.R. §1.28(c) was promulgated in 1982, four years *before* subsection "(h)" was added to 35 U.S.C. §41. Pub. L. 99-607, November 6, 1986, amended section 41 of Title 35, United States Code, to include subsection "(h)" and provide the PTO with explicit legal authority to continue lower fee rates for independent inventors, nonprofit organizations and small businesses.

Pub. L. 97-247 (Aug. 27, 1982), appropriated money for PTO operations for fiscal years 1983, 1984 and 1985. Pub. L. 97-247 (1982) provided funds to reduce by 50% the payment of fees by independent inventors and small business under 35 U.S.C. §§41 (a) and (b).[8] There was some doubt at the end of fiscal year 1985 whether the PTO had explicit legal authority to continue lower small entity fee rates. Pub. L. 99-607 (1986) provided the PTO with explicit legal authority to continue small entity fees.

Nothing in the legislative or regulatory history permits the construction of 37 C.F.R. §1.28(c) that National has advanced. An analysis of the rulemaking in regard to 37 C.F.R. §1.28(c) follows which illustrates said rule is not a maintenance fee payment rule.

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[6] App. A6-9.

[7] App. A12.

[8] App. A11.

(A) Rulemaking in 1982

37 C.F.R. §1.28 (1982) was promulgated pursuant to the authority of legislation entitled: Patent and Trademark Office-Authorizations, Amendments, Schedule of Fees, Pub. L. 97-247, §3, 96 Stat. 317-19. In particular, 37 C.F.R. §1.28(c) has not been altered since its promulgation as a final rule, 47 Fed. Reg. 40140 (col. 2) (1982), *effective date* October 1, 1982.[9] 37 C.F.R. §1.28 was published as a proposed rule in 47 Fed. Reg. 28042, 28061 (col. 2) (1982).[10] The original proposed rule (§1.28(c)) was slightly different in that it proposed verified statements explaining the good faith error in regard to small entity status at any time after the error, not just more than three months after the error.

37 C.F.R. §1.28(b) mandates that "[n]otification of any change in status resulting in loss of entitlement to small entity status must be filed in the application or patent prior to paying, or at the time of paying, the earliest of the issue fee or any maintenance fee due after the date on which status as a small entity is no longer appropriate pursuant to §1.9 of this part." Accord, 37 C.F.R. §1.366(f).[11] "This means that only four checks are required during the pendency and term of a patent after initial establishment of small entity status if such establishment was made prior to payment of the issue fee." See, 47 Fed. Reg. 40136 (col. 2) (Sept. 10, 1982).[12]

The notice proposing rule 37 C.F.R. §1.28 states: "The details implementing the payment of maintenance fees are not being proposed at this time," 47 Fed. Reg. 28049 (col. 1) (1982).[13] The notice of the final rule also makes clear that 37 C.F.R. §1.28(c) is directed toward the error of improperly

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[9] App. A27-28.

[10] App. A23.

[11] App. A19.

[12] App. A26.

[13] App. A22.

establishing and benefiting from small entity status. Also, the regulatory history of 37 C.F.R. §1.28(c) indicates that it was promulgated in part to ameliorate the concern of the patent bar in regard to the attendant responsibilities set forth in 37 C.F.R. §1.28(d). See, 47 Fed. Reg. 40136 (col. 2) (1982).[14]

It is the improper establishment and improper continued benefit of status as a small entity that constitutes error as set forth in 37 C.F.R. §1.28(c), not the improper payment of maintenance fees. The error that is excused by 37 C.F.R. §1.28(c) is the error of establishing and claiming entitlement to status as a small entity when not entitled to claim small entity status. 37 C.F.R. §1.28(c) does not permit nonpayment of, or the untimely payment of, the applicable maintenance fee. Nor does 37 C.F.R. §1.28(c) prevent expiration of a patent due to nonpayment of, or the untimely payment of, the applicable maintenance fee.

The PTO established maintenance fee *amounts* pursuant to legislation entitled: Patent and Trademark Laws, Pub. L. 96-517, §2, 94 Stat. 3017-18, (1980)[15] and Pub. L. 97-247, §3, 96 Stat. 317-19 (1982)[16] . Alternative post-issuance fee amount final rules (to be codified at 37 C.F.R. §1.20) were set forth at 47 Fed. Reg. 33086, 33096 (col. 3) (1982), *effective date* October 1, 1982.[17] The regulatory history indicates the PTO's state of mind in regard to the *payment* of maintenance fees in the fall of 1982 as follows:

> **The details implementing payment of the maintenance fees are not being established at this time since such fees will not be due for some time and additional consideration of the problems thereof is required. 47 Fed. Reg. at 33096 (col. 3) (1982).**

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[14] App. A26.

[15] App. A10.

[16] App. A11.

[17] App. A25.

In fact, the rules implementing payment of maintenance fees were not promulgated until 1984 because the first maintenance fees were not due until early 1985.

(B) Rulemaking in 1984

Rules (37 C.F.R. §§1.362-1.378) relating to the payment of maintenance fees were proposed in 1984, 49 Fed. Reg. 17692 (col. 1), et. seq.[18] The "supplementary information" section of the proposed rule states:

> **This proposed rule change is designed primarily to (1) establish a set of rules for the payment of patent maintenance fees; and (2) effect the provisions of Pub. L. 96-517 and 97-247 with respect to payment of maintenance fees.**

In its discussion of the proposed rule to be codified at 37 C.F.R. §1.366, the PTO states at 49 Fed. Reg. 17694 (col. 2)(1984)[19] :

> **Any payment which fails to result in the entire proper amount of the maintenance fee being present on the due date will not constitute payment of the maintenance fee.**

Similarly, in promulgating the final rule, 37 C.F.R. §1.366, 49 Fed. Reg. 34716, 34718 (col. 2)(1984), the PTO reiterated that the entire proper amount due must be paid on the due date.

When 37 C.F.R. §1.28(c) was declared in 1982, the PTO was not yet collecting maintenance fees. The laws (Pub. L. 97-247 (1982) and 96-517 (1980)) authorizing maintenance fees did not require the first payment of maintenance fees until early 1985. See, 49 Fed. Reg. 34722 (col. 3), Aug. 31, 1984 (App. A32). In 1982 the PTO deferred promulgation of the rules implementing payment of maintenance fees since the fees were not due yet and would not be for some time. National's assertion

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[18] App. A29.

[19] App. A30.

that 37 C.F.R. §1.28(c) permits payment of the amount due (of a maintenance fee) after the 4th, 8th and 12th year period is clearly incorrect.

(C) Dellett's intentional "inadvertence"

National claims that it exhibited good faith in its "submission" under 37 C.F.R. §1.28(c). Mr. Dellett states in National's "submission" and "verified statement" to the PTO that he "inadvertently failed to notify Computer Patent Annuities" of National's change in status. National had a duty to notify the PTO of a status change under 37 C.F.R. §1.28(b), not Computer Patent Annuities. Dellett's trial testimony indicates that his failure to notify anyone including Computer Patent Annuities of National's change in status was not inadvertent, it was intentional! On cross-examination:

> (1) Dellett testified he didn't know when the maintenance fees were due for the '859 patent;
>
> (2) Dellett testified he believed nonpayment of any maintenance fee would cause the '859 patent to expire;
>
> (3) Dellett testified that the attorneys at his firm, Arnold, White and Durkee are not responsible for the payment of maintenance fees; Dellett testified that he "never" dealt with maintenance fees;
>
> (4) Dellett testified that there was no time limit for correcting status as a small entity and paying the correct maintenance fee under 37 C.F.R. §1.28;

Inadvertence means accidental or unintentional. Dellett couldn't have acted inadvertently because according to his own testimony he and the rest of the attorneys in his firm are not responsible for the payment of maintenance fees. You can not inadvertently fail to act when you do not have a duty to act.

Specifically, Dellett testified on cross-examination:

Q. Do you have the '859 patent in front of you? I believe you do.

A. Yes.

Q. Will you please look at that and tell me when the fee was due?

A. Well, to tell you the truth I don't deal with maintenance fees enough to tell exactly when, but four and a half years after the date of the patent, I believe.

THE COURT: But you all contract with an independent agency to take care of that?

THE WITNESS: Yes, it's not something that the attorneys ever deal with...

Q. When did you know or learn about the license with Cooper Industries?

A. Well, I've learned a lot in the last few hours, believe me, but at the time in 1991, I don't recall if I ever read the entire license, I just don't remember what I knew...

Q. One more question, series of questions. It is the attorney's responsibility to ensure that the proper fee gets paid, is it not?

A. Not Arnold, White and Durkee, we have people whose responsibility it is take care of that...

In view of Dellett's testimony, Dellett's representation to the patent office in regard to "inadvertence" can only be regarded as false. Dellett cannot testify that he had no duty in regard to payment of the '859 patent maintenance fee and simultaneously submit documents to the PTO claiming he "inadvertently" failed to notify Computer Patent Annuities of the change of National's status from a small to large entity.

If an "error" occurred as National alleged in its "submission" it certainly could not have been made by Dellett because he had no duty. Further, the duty was not owed to Computer Patent Annuities but rather it was owed to the PTO. See, 37 C.F.R. §§1.28(b)(1982)[20] , 1.366(f)(1984)[21] .

Assuming arguendo, National had admitted during trial that the '859 patent had expired, Dellett's actions were not unintentional as set forth in 37 C.F.R. §1.378. Dellett intentionally did nothing in regard to the '859 patent maintenance fee payment because he had no responsibility to act. At trial, Dellett illustrated total ignorance of the law of maintenance fee payments.

National argued below that the statutes and regulations should be harmonized and read as a whole. When read as a whole, National's suggested application and use of 37 C.F.R. §1.28 is clearly incorrect.

CONCLUSION

Under the explicit language of the statute and rules, the '859 patent expired 4 years from issue, September 22, 1991, and the '780 patent expired 4 years from issue, July 5, 1992. As such, Snap-Tite has not infringed the '859 patent because an expired patent cannot be infringed. 37 C.F.R. §1.28(c) is not a maintenance fee payment rule which is readily apparent from an examination of the legislative and rulemaking history as set forth above.

PRAYER

The Petitioner asks that by Writ of Certiorari the decision below of the United States Court of Appeals for the Federal Circuit be reviewed, that the judgment be reversed as contrary to law, and that the '859 and '780 patents specifically be adjudicated as invalid.

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[20] App. A14.

[21] App. A19.

Respectfully Submitted,

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No. 93-1342, -1372

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

NATIONAL COUPLING COMPANY, INC.,
Plaintiff/Cross Appellant,

v.

SNAP-TITE, INC.,
Defendant-Appellant.

JUDGMENT

On appeal from the United States District Court, Southern District of Texas in Case No. H-90-3513. This CAUSE having been heard and considered it is ORDERED and ADJUDGED:

Per Curiam (NIES, MICHEL, and CLEVENGER, Circuit Judges):

AFFIRMED. See Fed. Cir. R. 36.

ENTERED BY ORDER OF THE COURT

Dated: June 10, 1994 */s/*_____
Francis X. Gindhart, Clerk

ISSUED AS A MANDATE: August 4, 1994

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

ORDER

A combined petition for rehearing and suggestion for rehearing in banc having been filed by the APPELLANT, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, DECLINED.

The mandate of the court will issue on August 4, 1994.

FOR THE COURT,

FRANCIS X. GINDHART, CLERK

Dated: July 28, 1994

By */s/*_____
Diane M. Frye
Chief Deputy Clerk

cc: CHARLES R. RUST
CHARLES S. COTROPIA

NATL COUPLING CO V. SNAP-TITE INC, 93-1342
(DCT - 90-3513

Civil Action No.
H-90-3513

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON TEXAS

NATIONAL COUPLING COMPANY, INC.,
Plaintiff,

v.

SNAP-TITE, INC.,
Defendant.

FINAL JUDGMENT

This cause was tried before the Court sitting without a jury on February 23,-25 and March 2-4, 1993. The Court, having considered the evidence introduced by the parties and arguments presented on their behalf and having made and filed Findings of Fact and Conclusions of Law, hereby

ORDERS, ADJUDGES AND DECREES as follows:

1. Defendant, Snap-Tite, Inc. ("Snap-Tite") has infringed United States Patent Nos. 4,694,859 and 4,832,080 ("the '859 and '080 patents") owned by Plaintiff National Coupling Company, Inc. ("National") by virtue of Snap-Tite's making, using and selling Snap-Tite's 9220, 9370A and 9370B couplings.

2. None of the claims of the '859 and '080 patents have been proven invalid.

3. The '859 and '080 patents are enforceable.

4. National is awarded damages for Snap-Tite's infringing sales occurring prior to February 20, 1991 in the amount of $43,724.00.

5. Snap-Tite's infringement was not willful and therefore the damages are not increased.

6. This was not an "exceptional case" and therefore attorneys' fees are not awarded.

7. National is awarded prejudgment interest on the damages in the amount of $12,655.66. Such interest is calculated by using the rate of 10% (Tex. Rev. Civ. Stat. art. 5069-1.05 2 (Vernon Supp. 1986)), applied to $43,724.00 and compounded annually from June 1, 1990, an approximate median date of the infringing sales, until April 8, 1993, the anticipated date of entry of this Judgment.

8. National is awarded its costs.

9. National is awarded post-judgment interest on the sum of the damages, prejudgment interest and National's costs at the rate of 3.21% compounded annually from the date of this Judgment until the Judgment is satisfied.

10. Defendant Snap-Tite, its officers, agents, servants, employees, successors and assigns, and those companies parent and subsidiary to, or affiliated with, and all persons or companies in active concert or participation with Snap-Tite that receive notice hereof, are hereby enjoined from the unauthorized making, using or selling in the United States of the Snap-Tite 9220, 9370A and 9370B couplings, and any other couplings which are no more than colorably different from one or more of such couplings, from the date of entry of this Final Judgment and until the respective expiration dates of the '859 and '080 patents.

Signed this 7th day of April, 1993.

/s/ _____
NORMAN W. BLACK
UNITED STATES DISTRICT JUDGE

Entered April 8, 1994

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS, HOUSTON DIVISION

TRANSCRIPT OF PROCEEDINGS, MARCH 4, 1993

THE COURT: I am sure you have put on as good a case as can be put on in this kind of dispute. I can tell you I'm not ready to do findings and conclusions, because frankly the ones that you all submitted are not terribly helpful, far too complicated, but I'll tell you where I'm leaning.

I've heard a pretty good case of infringement, I've heard a pretty weak case of invalidity, and I've heard a very puny case of damages. I haven't heard any bad faith on anybody's part, I haven't heard any fraud on the patent office. I think this issue of whether the proper fee was paid on time is a non-issue. I think Mr. Dellett is correct the way it's being handled, I just don't think it's an issue in the case. That patent [the '859 patent] is valid.

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:
Robert E. Smith III

Serial No.: 801,477

Filed: November 25, 1985

For: UNDERSEA HYDRAULIC COUPLING AND METAL SEAL

Group Art Unit: 3407

Examiner: J. Fox

Atty. Dkt. No.: NATT:001/DEL

U.S. Patent No.: 4,694,859

SUBMISSION OF MAINTENANCE FEES TO CURE DEFICIENCY AND VERIFIED STATEMENT IN SUPPORT

Box M. Fee
Honorable Commissioner of
Patents and Trademarks
Washington, D.C. 20231

Sir:

Pursuant to 37 C.F.R. §1.28(c), enclosed is a check in the amount of $415.00 to cure any deficiency between the amount paid on March 13, 1991 and the amount due for maintenance fees for U.S. Patent No. 4,694,859. If the check is not included or this amount is deficient, please charge any fees to Arnold, White & Durkee Deposit Account No. 01-2508/NATT:001/DEL.

Status of assignee National Coupling Company, Inc. as a small entity was established in good faith on June 4, 1987, and maintenance fees as a small entity were paid in good faith on the date noted above.

Assignee National Coupling Company, Inc. entered into a license of certain rights in U.S. Patent No. 4,694,859 on Febru-

ary 20, 1991. The licensee, however, did not qualify as a small business concern under 37 C.F.R. §1.9(d).

The error in failing to notify the Patent Office was made in good faith. Another law firm represented assignee National Coupling Company, Inc. in the license. The undersigned attorney inadvertently failed to notify Computer Patent Annuities (the company paying the maintenance fee) of the license and the change in status.

The error was not discovered until on or about February 24, 1993, during a trial of Civil Action No. H-90-3513 in the United States District Court for the Southern District of Texas. Defendant Snap-Tite, Inc., through its attorney, brought the maintenance fee issue to my attention.

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements are made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. 1001, and that such willful false statements may jeopardize the validity of the application, any patent issuing thereon, or any patent to which this verified statement is directed.

Respectfully submitted,

Date: March 1, 1993

/s/ _____

Stephen D. Dellett
Reg. No. 32,564
Arnold, White and Durkee
Post Office Box 4433
Houston, Texas 77210
(713) 787-1423

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:
Robert E. Smith III

Serial No.: 013,000

Filed: February 10, 1987

For: PRESSURE BALANCED HYDRAULIC COUPLING

Group Art Unit: 3501

Examiner: G. Walton

Atty. Dkt. No.: NATT:003/DEL

U.S. Patent No.: 4,754,780

SUBMISSION OF MAINTENANCE FEES TO CURE DEFICIENCY AND VERIFIED STATEMENT IN SUPPORT

Box M. Fee
Honorable Commissioner of
Patents and Trademarks
Washington, D.C. 20231

Sir:

Pursuant to 37 C.F.R. §1.28(c), enclosed is a check in the amount of $450.00 to cure any deficiency between the amount paid on December 31, 1991 and the amount due for maintenance fees for U.S. Patent No. 4,754,780. If the check is not included or this amount is deficient, please charge any fees to Arnold, White & Durkee Deposit Account No. 01-2508/NATT:003/DEL.

Status of assignee National Coupling Company, Inc. as a small entity was established in good faith on January 22, 1988, and maintenance fees as a small entity were paid in good faith on the date noted above.

Assignee National Coupling Company, Inc. entered into a license of certain rights in U.S. Patent No. 4,754,780 on Febru-

ary 20, 1991. The licensee, however, did not qualify as a small business concern under 37 C.F.R. 1.9(d).

The error in failing to notify the Patent Office was made in good faith. Another law firm represented assigned National Coupling Company, Inc. in the license. The undersigned attorney inadvertently failed to notify Computer Patent Annuities (the company paying the maintenance fee) of the license and the change in status.

The error was not discovered until on or about February 24, 1993, during a trial of Civil Action No. H-90-3513 in the United States District Court for the Southern District of Texas. Defendant Snap-Tite, Inc., through its attorney, brought the maintenance fee issue to my attention.

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements are made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. §1001, and such willful false statements may jeopardize the validity of the application, any patent issuing thereon, or any patent to which this verified statement is directed.

Respectfully submitted,

Date: March 1, 1993

/s/ _____

Stephen D. Dellett
Reg. No. 32,564
Arnold, White & Durkee
Post Office Box 4433
Houston, Texas 77210
(713) 787-1423

PUBLIC LAW 97-517 [H.R. 6933]; December 12, 1980

41. Patent Fees

"(c) by the fifteenth fiscal year following the date of enactment of this Act, fees for maintaining patents in force will recover 25 per centum of the estimated cost to the Office, for the year in which such maintenance fees are received, ~~of the~~ actual processing all applications for patents, other than for design patents, from filing through disposition by issuance or abandonment. Fees for maintaining a patent in force will be due three years and six months, seven years and six months, and eleven years and six months after the grant of the patent. Unless payment of the applicable maintenance fee is received in the Patent and Trademark Office on or before the date the fee is due or within a grace period of six months thereafter, the patent will expire as of the end of such grace period. The Commissioner may require the payment of a surcharge as a condition of accepting within such six-month grace period the late payment of an applicable maintenance fee.

(b) Section 41(b) of title 35, United States Code, is amended to read as follows:

"(b) The Commissioner shall charge the following fees for maintaining a patent in force:

"1. Three years and six months after grant, $400.

"2. Seven years and six months after grant, $800.

"3. Eleven years and six months after grant, $1,200.

Unless payment of the applicable maintenance fee is received in the Patent and Trademark Office on or before the date the fee is due or within a grace period of six months thereafter, the patent will expire as of the end of such grace period. The Commissioner may require the payment of a surcharge as a condition of accepting within such six-month grace period the late payment of an applicable maintenance fee. No fee will be established for maintaining a design or plant patent in force.".

(c) Section 41(c) of title 35, United States Code, is amended to read as follows:

"(c)(1) The Commissioner may accept the payment of any maintenance fee required by subsection (b) of this section after the six-month grace period if the delay is shown to the satisfaction of the Commissioner to have been unavoidable. The Commissioner may require the payment of a surcharge as a condition of accepting payment of any maintenance fee after the six-month grace period. If the Commissioner accepts payment of a maintenance fee after the six-month grace period, the patent shall be considered as not having expired at the end of the grace period.

37 C.F.R. §1.22 FEES PAYABLE IN ADVANCE.

(a) Patent and trademark fees and charges payable to the Patent and Trademark Office are required to be paid in advance, that is, at the time of requesting any action by the Office for which a fee or charge is payable with the exception that under §1.53 applications for patent may be assigned a filing date without payment of the basic filing fee.

(b) All patent and trademark fees paid to the Patent and Trademark Office should be itemized in each individual application, patent or other proceeding in such a manner that it is clear for which purpose the fees are paid.

37 C.F.R. §1.28

EFFECT ON FEES OF FAILURE TO ESTABLISH STATUS, OR CHANGE STATUS, AS A SMALL ENTITY

(a) The failure to establish status as a small entity (§§1.9(f) and 1.27 of this part) in any application or patent prior to paying, or at the time of paying any fee precludes payment of the fee in the amount established for small entities. A refund pursuant to §1.26 of this part, based on establishment of small entity status, of a portion of fees timely paid in full prior to establishing status as a small entity may only be obtained if a verified statement under §1.27 and a request for a refund of the excess amount are filed within two months of the date of the timely payment of the full fee. The two-month time period is not extendable under §1.136. Status as a small entity is waived for any fee by the failure to establish the status prior to paying, or within two months of the date of payment of, the fee. Status as a small entity must be specifically established by a verified statement filed in each application or patent in which the status is available and desired, except those applications filed under §1.60 or §1.62 of this part where the status as a small entity has been established in a parent application and is still proper. Once status as a small entity has been established in an application or patent, the status remains in that application or patent without the filing of a further verified statement pursuant to §1.27 of this part unless the Office is notified of a change in status. Status as a small entity in one application or patent does not affect any other application or patent, including applications or patents which are directly or indirectly dependent upon the application or patent in which the status has been established, except those filed under §1.60 or §1.62 of this part. Applications filed under §1.60 or §1.62 of this part must include a reference to a verified statement in a parent application if status as a small entity is still proper and desired.

(b) Once status as a small entity has been established in an application or patent, fees as a small entity may thereafter be paid in that application or patent without regard to a change in status until the issue fee is due or any maintenance fee is due. Notification of any change in status resulting in loss of entitlement to small entity status must be filed in the application or patent prior to paying, or at the time of paying, the earliest of the issue fee or any maintenance fee due after the date on which status as a small entity is no longer appropriate pursuant to §1.9 of this part. The notification of change in status may be signed by the applicant, any person authorized to sign on behalf of the assignee, or any attorney or agent of record or acting in a representative capacity pursuant to §1.34(a) of this part.

(c) If status as a small entity is established in good faith, and fees as a small entity are paid in good faith, in any application or patent, and it is later discovered that such status as a small entity was established in error or that through error the Patent and Trademark Office was not notified of a change in status as required by paragraph (b) of this section, the error will be excused (1) if any deficiency between the amount paid and the amount due is paid within three months after the date the error occurred or (2) if any deficiency between the amount paid and the amount due is paid more than three months after the date the error occurred and the payment is accompanied by a verified statement explaining how the error in good faith occurred and how and when it was discovered. The statement must be a verified statement if made by a person not registered to practice before the Patent and Trademark Office. The deficiency is based on the amount of the fee, for other than a small entity, in effect at the time the deficiency is paid in full.

(d) (1) Any attempt to fraudulently

(i) establish status as a small entity or

(ii) pay fees as a small entity shall be considered as a fraud practiced or attempted on the Office.

(2) Improperly and with intent to deceive

(i) establishing status as a small entity, or

(ii) paying fees as a small entity shall be considered as a fraud practiced or attempted on the Office.

37 C.F.R. §1.362 TIME FOR PAYMENT OF MAINTENANCE FEES.

(a) Maintenance fees as set forth in §1.20(e) through (g) are required to be paid in all patents based on applications filed on or after December 12, 1980, except as noted in paragraph (b) of this section, to maintain a patent in force beyond 4, 8 and 12 years after the date of grant.

(b) Maintenance fees are not required for any plant patents or for any design patents. Maintenance fees are not required for a reissue patent if the patent being reissued did not require maintenance fees.

(c) The application filing dates for purposes of payment of maintenance fees are as follows:

(1) For an application not claiming benefit of an earlier application, the actual United States filing date of the application.

(2) For an application claiming benefit of an earlier foreign application under 35 U.S.C. 119, the United States filing date of the application.

(3) For a continuing (continuation, division, continuation-in-part) application claiming the benefit of a prior patent application under 35 U.S.C. 120, the actual United States filing date.

(4) For a reissue application, the United States filing date of the original non-issue application on which the patent reissued is based.

(5) For an international application which has entered the United States as a Designated Office under 35 U.S.C. 371, the international filing date granted under Article 11(1) of the Patent Cooperation Treaty which is considered to be the United States filing date under 35 U.S.C. 363.

(d) Maintenance fees may be paid in patents without surcharge during the period extending respectively from:

(1) 3 years through 3 years and 6 months after grant for the first maintenance fee,

(2) 7 years through 7 years and 6 months after grant for the second maintenance fee, and

(3) 11 years through 11 years and 6 months after grant for the third maintenance fee.

(e) Maintenance fees may be paid with the surcharge set forth in §1.20(h) during the perspective grace periods after:

(1) 3 years through 3 years and 6 months -after grant for the first maintenance fee,

(2) 7 years through 7 years and 6 months after grant for the second maintenance fee,

(3) 11 years through 11 years and 6 months after grant for the third maintenance fee.

(f) If the last day for paying a maintenance fee without surcharge set forth in paragraph (d) of this section, or the last day for paying a maintenance fee with surcharge set forth in paragraph (e) of this section, falls on a Saturday, Sunday, or a federal holiday within the District of Columbia, the maintenance fee and any necessary surcharge may be paid under paragraph (d) or paragraph (e) respectively on the next succeeding day which is not a Saturday, Sunday, or federal holiday.

(g) Unless the maintenance fee and any applicable surcharge is paid within the time periods set forth in paragraphs (d), (e) or (f) of this section, the patent will expire as of the end of the grace period set forth in paragraph (e) of this section. A patent which expires for the failure to pay the maintenance fee will expire at the end of the same date (anniversary date) the patent was granted in the 4th, 8th, or 12th year after grant.

37 C.F.R. §1.366 SUBMISSION OF MAINTENANCE FEES.

(a) The patentee may pay maintenance fees and any necessary surcharges, or any person or organization may pay maintenance fees and any necessary surcharges on behalf of a patentee. Authorization by the patentee need not be filed in the Patent and Trademark Office to pay maintenance fees and any necessary surcharges on behalf of the patentee.

(b) A maintenance fee and any necessary surcharge submitted for a patent must be submitted in the amount due on the date the maintenance fee and any necessary surcharge are paid and may be paid in the manner set forth in §1.23 or by an authorization to charge a deposit account established pursuant to §1.25. Payment of a maintenance fee and any necessary surcharge or the authorization to charge a deposit account must be submitted within the periods set forth in §1.362(d), (e) or (f). Any payment or authorization of maintenance fees and surcharges filed at any other time will not be accepted and will not serve as a payment of the maintenance fee except insofar as a delayed payment of the maintenance fee is accepted by the Commissioner in an expired patent pursuant to a petition filed under §1.378. Any authorization to charge a deposit account must authorize the immediate charging of the maintenance fee and any necessary surcharge to the deposit account. Payment of less than the required amount, payment in a manner other than set forth in §1.23, or the filing of an authorization to charge a deposit account having insufficient funds will not constitute payment of a maintenance fee or surcharge on a patent. The certificate procedures of either §§1.8 or 1.10 may be utilized in paying maintenance fees and any necessary surcharges.

(c) In submitting maintenance fees and any necessary surcharges, identification of the patents for which maintenance fees are being paid must include the following:

(1) The patent number, and

(2) The serial number of the United States application for the patent on which the maintenance fee is being paid.

(d) Payments of maintenance fees and any surcharges should identify the fee being paid for each patent as to whether it is the 3 1/2, 7 1/2 or 11 1/2 year fee, whether small entity status is being changed or claimed, the amount of the maintenance fee and any surcharge being paid, any assigned payor number, the patent issue date and the United States application filing date. If the maintenance fee and any necessary surcharge is being paid on a reissue patent, the payment must identify the reissue patent by reissue patent number and reissue application serial number as required by paragraph (c) of this section and should also include the original patent number, the original patent issue date and the original United States application filing date.

(e) Maintenance fee payments and surcharge payments relating thereto must be submitted separate from any other payments for fees or charges, whether submitted in the manner set forth in §1.23 or by an authorization to charge a deposit account. If maintenance fee and surcharge payments for more than one patent are submitted together, they should be submitted on as few sheets as possible with the patent numbers listed in increasing patent number order. If the payment submitted is insufficient to cover the maintenance fees and surcharges for all the listed patents, the payment will be applied in the order patents are listed, beginning at the top of the listing.

(f) Notification of any change in status resulting in loss of entitlement to small entity status must be filed in a patent prior to paying, or at the time of paying, the earliest maintenance fee due after the date on which status as a small entity is no longer appropriate. See §1.28(b).

(g) Maintenance fees and surcharges relating thereto will not be refunded except in accordance with §§1.26 and 1.28(a).

37 C.F.R. §1.378
ACCEPTANCE OF DELAYED PAYMENT OF MAINTENANCE FEE IN EXPIRED PATENT TO REINSTATE PATENT.

(a) The Commissioner may accept the payment of any maintenance fee due on a patent after expiration of the patent if, upon petition, the delay in payment of the maintenance fee is shown to the satisfaction of the Commissioner to have been unavoidable (paragraph (b) of this section) or unintentional (paragraph (c) of this section) and if the surcharge required by §1.20(i) is paid at a condition of accepting payment of the maintenance fee. If the Commissioner accepts payment of the maintenance fee upon petition, the patent shall be considered as not having expired, but will be subject to the conditions set forth in 35 U.S.C. 41(c)(2).

(b) Any petition to accept an unavoidably delayed payment of a maintenance fee filed under paragraph (a) of this section must include:

(1) The required maintenance fee set forth in §1.20(e)through (g);

(2) The surcharge set forth in §1.20(i)(1); and

(3) A showing that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date and the manner in which patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly.

(c) Any petition to accept an unintentionally delayed payment of a maintenance fee filed under paragraph (a) of this section must be filed within twenty-four months after the six-month grace period provided in §1.362(e) and must include:

(1) The required maintenance fee set forth in §1.20(e)through (g);

(2) The surcharge set forth in §1.20(i)(2); and

(3) A statement that the delay in payment of the maintenance fee was unintentional.

(d) Any petition under this section must be signed by an attorney or agent registered to practice before the Patent and Trademark Office, or by the patentee, the assignee, or other party in interest. Such petition must be in the form of a verified statement if added by a person not registered to practice before the Patent and Trademark Office.

(e) Reconsideration of a decision refusing to accept a maintenance fee upon petition filed pursuant to paragraph (a) of this section may be obtained by filing a petition for reconsideration within two months of, or such other time as set in, the decision refusing to accept the delayed payment of the maintenance fee. Any such petition for reconsideration must be accompanied by the petition fee set forth in §1.17(h). After decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Commissioner. If the delayed payment of the maintenance fee is not accepted, the maintenance fee and the surcharge set forth in §1.20(i) will be refunded following the decision on the petition for reconsideration, or after the expiration of the time for filing such a petition for reconsideration, if none is filed. Any petition fee under this section will not be refunded unless the refusal to accept and record the maintenance fee is determined to result from an error by the Patent and Trademark Office.

The details implementing the payment of maintenance fees are not being proposed at this time.

Section 1.28 Effect on fees of failure to establish status, or change in status, as a small entity.

(a) The failure to establish status as a small entity (§§1.9(f) and 1.27) in any application prior to paying, or at the time of paying, any fee (1) precludes payment of the fee in the amount established for small entities; and (2) precludes a refund pursuant to §1.26 of any portions of fees paid prior to establishing status as a small entity. Status as a small entity is waived for any fee by the failure to establish the status prior to paying, or at the time of paying, the fee. Status as a small entity must be specifically established by a verified statement filed in each application in which the status is available and desired. Once status as a small entity has been established in an application or patent, the status remains in that application or patent without the filing of a further verified statement pursuant to §1.27 unless changed, but does not affect any other application or patent, including applications or patents which are directly or indirectly dependent upon the application or patent in which the status has been established.

(b) Once status as a small entity has been established in an application or patent, notification of any change in status resulting in loss of entitlement to small entity status must be filed in the application or patent prior to paying, or at the time of paying, any fee due after the date on which status as a small entity is no longer appropriate pursuant to §1.9. The payment of any fee in an application or patent as a small entity, once small entity status has been established, shall serve as a representation that such payment as a small entity is proper at the time the payment is made. The notification may be signed by the applicant, any person authorized to sign on behalf of the assignee, or an attorney or agent of record or acting in a representative capacity pursuant to §1.34(a).

(c) If status as a small entity is established in good faith, and fees as a small entity are paid in good faith, in any application or patent, and it is later discovered that such status as a small entity was established in error or that through error the Office was no notified of a change in status as required by paragraph(b) of this section, the error will be excused if (1) any deficiencies between the amounts paid and the amounts due are promptly paid and (2) the payment of the deficiencies is accompanied by a verified statement explaining how the error in good faith occurred and how and when it was discovered.

(d) Any attempt to fraudulently (1) establish status as a small entity or (2) pay fees as a small entity shall be considered as a fraud practiced or attempted on the Office. Improperly and through gross negligence (1) establishing status as a small entity or (2) paying fees as a small entity shall be considered as a fraud practiced or attempted on the Office. See §§1.56(d) and 1.555.

1.20 Post-issuance fees.

The details implementing payment of the maintenance fees are not being established at this time since such fees will not be due for some time and additional consideration of the problems thereof is required.

The effect of the changes to paragraph (b) of §1.28 is to permit status to be established and then checked only (1) at the payment of the issue fee and (2) at the time of payment of each maintenance fee. This means that only four checks are required during the pendency and term of a patent after initial establishment of small entity status if such establishment was made prior to payment of the issue fee. The last sentence of paragraph (b) has been changed from that proposed by inserting the words "of change in status" after "notification" for clarity.

Paragraph (c) of §1.28 has been changed from that proposed to require a verified statement explaining how the error in good faith occurred only in situations where the error is not corrected within three months of the date on which the error occurred. This change from paragraph (c) as proposed will reduce paperwork and will provide a three-month grace period to correct errors with no explanations required for correction during that three-month period. The change has also been made to alleviate concerns about paragraph (d) of §1.28 which is being adopted as proposed.

**FEDERAL REGISTER / Vol. 47, No. 176 /
Friday, September 10, 1982 / Rules and Regulations 40140**

1.28 Effect on fees of failure to establish status, or change status, as a small entity.

(a) The failure to establish status as a small entity (§§1.9(f) and 1.27 of this part) in any application or patent prior to paying, or at the time of paying, any fee (1) precludes payment of the fee in the amount established for small entities; and (2) precludes a refund pursuant to §1.26 of this part of any portions of fees paid prior to establishing status as a small entity. Status as a small entity is waived for any fee by the failure to establish the status prior to paying, or at the time of paying, the fee. Status as a small entity must be specifically established by a verified statement filed in each application or patent in which the status is available and desired, except those applications filed under §1.60 of this part where the status as a small entity has been established in a parent application and is still proper. Once status as a small entity has been established in an application or patent, the status remains in that application or patent without the filing of a further verified statement pursuant to §1.27 of this part unless the Office is notified of a change in status. Status as a small entity in one application or patent does not affect any other application or patent, including applications or patents which are directly or indirectly dependent upon the application or patent in which the status has been established, except those filed under §1.60 of this part. Applications filed under §1.60 of this part must include a reference to a verified statement in a parent application if status as a small entity is still proper and desired.

(b) Once status as a small entity has been established in an application or patent, fees as a small entity may thereafter be paid in that application or patent without regard to a change in status until the issue fee is due or any maintenance fee is due. Notification of any change in status resulting in loss of entitle-

ment to small entity status must be filed in the application or patent prior to paying, or at the time of paying, the earliest of the issue fee or any maintenance fee due after the date on which status as a small entity is no longer appropriate pursuant to §1.9 of this part. The notification of change in status may be signed by the applicant, any person authorized to sign on behalf of the assignee, or an attorney or agent of record or acting in a representative capacity pursuant to §1.34(a) of this part.

(c) If status as a small entity is established in good faith, and fees as a small entity are paid in good faith, in any application or patent, and it is later discovered that such status as a small entity was established in error or that through error the Office was not notified of a change in status as required by paragraph (b) of this section, the error will be excused (1) if any deficiency between the amount paid and the amount due is paid within three months after the date the error occurred or (2) if any deficiency between the amount paid and the amount due is paid more than three months after the date the error occurred and the payment is accompanied by a verified statement explaining how the error in good faith occurred and how and when it was discovered.

(d)(1) Any attempt to fraudulently (i) establish status as a small entity or (ii) pay fees as a small entity shall be considered as a fraud practiced or attempted on the Office. (2) Improperly and through gross negligence (i) establishing status as a small entity or (ii) paying fees as a small entity shall be considered as a fraud practiced or attempted on the Office. See §§1.56(d) and 1.555 of this part.

**FEDERAL REGISTER / Vol. 49, No. 80 /
Tuesday, April 24, 1984 / Proposed Rules 17692**

DEPARTMENT OF COMMERCE

Proposed Rules for Patent Maintenance Fees

Summary: The Patent and Trademark Office proposes to amend the rules of practice in patent cases. Part 1 of Title 37, Code of Federal Regulations, to provide rules and procedures for the payment of patent maintenance fees. Pub. L. 96-517, enacted on December 12, 1980 and Pub. L. 97-247, enacted on August 27, 1982, provided for the payment of maintenance fees at intervals of 3 1/2, 7 1/2 and 11 1/2 years from the date of grant of the patent for maintaining in force an original patent, a reissue patent of an invention, and under Pub. L. 96-517, a plant patent and reissues thereof. The proposed changes are intended to provide specific rules and procedures which will assist patentees in avoiding the inadvertent expiration of a patent for failure to pay the appropriate maintenance fee.

Any payment which fails to result in the entire proper amount of the maintenance fee being present on the due date will not constitute payment of the maintenance fee.

Any payment which fails to result in the entire proper amount of the maintenance fee being present on the due date will not constitute payment of the maintenance fee.

**FEDERAL REGISTER / Vol. 49, No. 171 /
Friday, August 31, 1984 / Rules and Regulations 34722**

Implementation of Maintenance Fee Payment Procedures

The Patent and Trademark Office is presently developing its internal working procedures for processing maintenance fee payments and for notifying the public as to the status of maintenance fee payments on particular patents. The first maintenance fees become due early in 1985. In order to be as helpful as possible in informing the public as to the Patent and Trademark Office's current plans it is useful to outline the basic procedures the Patent and Trademark Office intends to adopt to process maintenance fees so that the interrelationship with the rules is understood. These basic procedures are subject to change as experience and circumstances dictate.

Supreme Court, U.S.
FILED
OCT 6 1994
OFFICE OF THE CLERK

No. 94-426

In The

Supreme Court of the United States

October Term, 1994

SNAP-TITE, INC.,

Petitioner,

v.

NATIONAL COUPLING COMPANY, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF IN OPPOSITION

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RULE 29.1 STATEMENT

National Coupling Company, Inc. has no parent company and no subsidiaries.

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Patent and Trademark Office Action dismissing the petition for a determination that U.S. Patent Nos. 4,694,859 and 4,754,780 have expired A3

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Guidry v. Sheet Metal Workers National Pension Fund, 493 U.S. 365, 110 S.Ct. 680 (1990) 10

STATUTES

35 U.S.C. § 6 10

35 U.S.C. § 6(a) 10

35 U.S.C. § 41 ..... 7, 8

35 U.S.C. § 41(b) 8, 10

35 U.S.C. § 41(h) 7, 8

37 C.F.R. § 1.28(b) 6, 7, 8

37 C.F.R. § 1.28(c) ..... *passim*

37 C.F.R. § 1.362 10

37 C.F.R. § 1.366 10

37 C.F.R. § 1.378 10

No. 94-426

In The

Supreme Court of the United States

October Term, 1994

SNAP-TITE, INC.,

Petitioner,

v.

NATIONAL COUPLING COMPANY, INC.,

Respondent.

On Petition For Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

BRIEF IN OPPOSITION

STATEMENT UNDER RULE 24.1(f) OF REGULATION INVOLVED

Snap-Tite, Inc. ("Snap-Tite") failed to specifically identify, as required by SUP. CT. R. 24.1(f), that this case specifically involves 37 C.F.R. § 1.28(c). However, Snap-Tite did set forth the entire regulation at page A14 in the appendix to its petition for writ of certiorari.

ADDITIONAL SIGNIFICANT FACTS NOT INCLUDED IN SNAP-TITE'S STATEMENT OF THE CASE

Snap-Tite's statement of facts fails to disclose that the United States Patent and Trademark Office has accepted

the verified statement of National Coupling Company, Inc. ("National") with respect to the payment of the deficiency between the small and large entity maintenance fees for U.S. Patent No. 4,694,859 (the " '859 patent") (*See* Maintenance Fee Statement attached hereto in the appendix as A1-A2). Snap-Tite petitioned the Commissioner of Patents and Trademarks on March 31, 1993, for a ruling that the '859 patent had expired for failure to pay the maintenance fee, and the Commissioner dismissed the petition in April, 1994, on grounds that Snap-Tite lacks standing to object to the Patent and Trademark Office's acceptance of verified statements under 37 C.F.R. § 1.28(c). Snap-Tite did not appeal the denial of its petition. The Commissioner's decision is attached hereto in the appendix as A3-A4.

Snap-Tite's petition raises the issue of the failure to pay the large entity maintenance fee for United States Patent No. 4,574,780 (the " '780 patent"). However, the '780 patent was dismissed from the proceedings by the District Court for lack of subject matter jurisdiction, and this dismissal was affirmed by the Federal Circuit without opinion. Snap-Tite has not petitioned for a writ of certiorari as to this dismissal, and therefore it is conclusively established that the District Court had no subject matter jurisdiction over the '780 patent. Accordingly, it is improper for Snap-Tite to include the '780 patent in the present petition concerning payment of maintenance fees because Snap-Tite has not petitioned for review of the subject matter jurisdiction issue.

Moreover, on appeal to the Federal Circuit on the maintenance fee issue, Snap-Tite only argued the issue

with respect to the '859 patent. Now, Snap-Tite is improperly attempting to bring the '780 patent into issue without any basis for doing so. Accordingly, National objects to consideration of the '780 patent on the basis of lack of subject matter jurisdiction and waiver.

SUMMARY OF THE ARGUMENT

As an initial matter, Snap-Tite has completely failed to set forth any special or important reasons for the grant of Snap-Tite's petition as contemplated by Rule 10.1, Rules of the Supreme Court. The present matter does not concern any conflict between the United States courts of appeals or even an issue that has been treated in any reported decision.

With respect to the merits of Snap-Tite's argument, 37 C.F.R. § 1.28(c) applies to maintenance fees, and Snap-Tite has cited no evidence to contradict the District Court's finding that National fully complied with § 1.28(c) with respect to the '859 patent.

Snap-Tite has not disputed that § 1.28(c) is a lawfully promulgated regulation and as such has the force and effect of law. Section 1.28(c) speaks to the specific facts at hand and is the applicable law to be applied to the present case. The statute and regulations relied on by Snap-Tite are general in nature and do not affect the applicability of the more specific § 1.28(c).

REASONS FOR DENYING THE WRIT

1. THERE IS NO SPECIAL OR IMPORTANT REASON FOR GRANTING THE WRIT.

Snap-Tite's petition involves the specific issue of whether National has complied with 37 C.F.R. § 1.28(c) that allows a patent owner to remedy a good faith error of paying a small entity maintenance fee when, in actuality, a large entity maintenance fee was due. It should be noted that Snap-Tite does not argue that 37 C.F.R. § 1.28(c) is somehow invalid or "inconsistent with law" – only that § 1.28(c) is inapplicable to the facts at hand and alternatively that National has not complied with § 1.28(c). However, such issues are insignificant and do not merit a grant of Snap-Tite's petition.

SUP. CT. R. 10.1 sets forth the policy that a petition for a writ of certiorari will be granted only when there are special and important reasons. Rule 10.1 also sets forth a list of reasons that indicate the character of a special or important reason. Snap-Tite's petition simply does not rise to the level of an important matter meriting review by the Supreme Court. National has found no reported decisions or computer database court decisions on this issue. Therefore, there is certainly no conflict among the United States courts of appeals. And, there is no established "accepted and usual course of judicial proceedings" that could have been departed from by the courts below. The absence of any decisions regarding § 1.28(c) illustrates the lack of any conflict regarding this matter. Because of such lack of conflict regarding § 1.28(c), Snap-Tite's petition should be denied.

2. 37 C.F.R. § 1.28(c) APPLIES TO MAINTENANCE FEES.

Snap-Tite's argument that § 1.28(c) does not apply to maintenance fees completely ignores the plain language of § 1.28(c). At page eight of Snap-Tite's petition, Snap-Tite states:

> It is the improper establishment and improper continued benefit of status as a small entity that constitutes error as set forth in 37 C.F.R. § 1.28(c), not the improper payment of maintenance fees.

First of all, this statement is self-contradictory and nonsensical. The only "benefit" of small entity status is the payment of reduced fees termed "small entity fees." This is exactly what National did – pay small entity fees. That Snap-Tite characterizes National's small entity payment as "improper" does not change the fact that National paid the proper small entity fee.[1] Therefore, National continued, in good faith error, to benefit from status as a small entity, and such is exactly what Snap-Tite claims constitutes excusable error as set forth in § 1.28(c).

Section 1.28(c) specifically provides, in pertinent part:

> If status as a small entity is established in good faith, and fees as a small entity are paid in good faith, in any application or patent, and it is later discovered . . . *that through error the Office was not notified of a change in status as required by paragraph (b) of this section,* the error will be

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[1] Snap-Tite does not dispute that National's payment was the correct small entity amount.

> excused . . . (2) if any deficiency between the amount paid and the amount due is paid more than three months after the date the error occurred and the payment is accompanied by a verified statement explaining how the error in good faith occurred and how and when it was discovered.

37 C.F.R. § 1.28(c) (emphasis added).

Snap-Tite does not dispute that there was a change in National's status. It is this change in status that National, in good faith error, failed to notify the Patent and Trademark Office of before payment of the next maintenance fee on the '859 patent. Snap-Tite's arbitrary labeling of National's small entity payment as an "improper payment" does not change the fact that National's small entity payment falls squarely within the language of § 1.28(c).

At page eight of Snap-Tite's petition, Snap-Tite argues that § 1.28(c) does not apply to maintenance fees at all. However, a plain reading of § 1.28(c) reveals such an argument is clearly erroneous. First of all, § 1.28(c) states in pertinent part:

> . . . that through error the Office was not notified of a change in the status as required by paragraph (b) of this section . . .

37 C.F.R. § 1.28(c). Section 1.28(b) states in pertinent part:

> Once status as a small entity has been established in an application or patent, fees as a small entity may thereafter be paid in that application *or patent* without regard to a change in status until the issue fee is due *or any maintenance fee is due.*

37 C.F.R. § 1.28(b) (emphasis added). As can be seen, § 1.28(b) specifically refers to patents and maintenance fees. Thus § 1.28(c) was clearly intended to apply to the good faith, erroneous payment of a small entity maintenance fee when, in fact, the status had changed and a large entity fee was due.

Snap-Tite's argument also ignores the language of § 1.28(c) itself where the regulation refers to the establishment of small entity status and the payment of fees "in any application *or patent*." 37 C.F.R. § 1.28(c) (emphasis added). Maintenance fees are fees paid to maintain patents – not applications. Therefore, contrary to Snap-Tite's argument, § 1.28(c) clearly applies to maintenance fees.

Snap-Tite misrepresents the relevance of the time lines of enactments of various regulations and statutes. First, Snap-Tite, in a self-contradictory argument, states on page six of its petition that § 1.28(c) was promulgated in 1982 prior to 1986 when 35 U.S.C. § 41(h) was added to 35 U.S.C. § 41 and that therefore § 1.28(c) cannot be considered as a regulation implementing the policy of 35 U.S.C. § 41(h) regarding small entity fees. However, in the next paragraph, Snap-Tite explains how 35 U.S.C. § 41(h) existed in a prior form in 1982 and that 1986 was simply the year that the law was designated as 35 U.S.C. § 41(h). Snap-Tite's argument is also nonsensical because how could the Commissioner of Patents promulgate a regulation that refers to "large entity" and "small entity" fees if there was no statute that used similar phrasing?

The precursor laws to 35 U.S.C. § 41(h) used such phrasing and § 1.28(c) was promulgated to implement such laws.

Snap-Tite's discussion of the 1982 and 1984 rulemakings are similarly unavailing to Snap-Tite's argument that § 1.28(c) does not apply to maintenance fees. As noted in Snap-Tite's petition, 35 U.S.C. § 41 concerning maintenance fees was enacted in 1980. Section 41(b) applies to patents issuing from applications filed on or after December 12, 1980. That the first maintenance fee would not be due until 1984 is inconsequential to the fact that § 1.28(c) was promulgated after 1980.

None of Snap-Tite's arguments attempt to address the fact that the plain language of § 1.28(c) refers to "patents" and references § 1.28(b) which refers to "patents" and "maintenance fees." Snap-Tite's arguments repeatedly dance around this incontrovertible fact.

3. NATIONAL HAS COMPLIED WITH § 1.28(c).

Snap-Tite has not disputed that National's status as a small entity was established in good faith at the incipiency of the patent application which became the '859 patent. Therefore, the issue is whether National's error in not notifying the Patent and Trademark Office of a change in such status occurred in good faith. It is this factual issue that was found to be a "non-issue" by the District Court (*See* Snap-Tite's petition, A5) and that was affirmed without opinion by the Federal Circuit (Snap-Tite's petition, A1). Additionally, the Patent and Trademark Office accepted National's verified statement

regarding the good faith error, and such acceptance of the verified statement was affirmed by the Commissioner of the United States Patent and Trademark Office in a decision on a petition by Snap-Tite to the Commissioner on this matter (National's opposition, A3-A4).

Snap-Tite has not pointed to any evidence that would indicate that National purposefully paid the small entity maintenance fee instead of the large entity fee. Snap-Tite's convoluted argument about Mr. Dellett being incapable of inadvertence is nonsensical. The verified statement (Snap-Tite's petition, A6-A7) states that Mr. Dellett failed in good faith to notify Computer Patent Annuities of a change in entity status. There is nothing in Mr. Dellett's testimony, quoted on page eleven of Snap-Tite's petition, where Mr. Dellett denied that he had a duty to notify Computer Patent Annuities of a change in status. Mr. Dellett's testimony was that he simply was not aware of the change in small entity status and that no such change in status was communicated to Computer Patent Annuities which handled the mechanics of the actual payment of the fees to the Patent and Trademark Office. This is different from the responsibility, which Mr. Dellett clearly had, to notify Computer Patent Annuities that a change in entity status had occurred if he had knowledge of such change in status. Mr. Dellett testified at trial regarding his verified statement which sets forth his good faith error in failing to notify Computer Patent Annuities, and consequently the Patent and Trademark Office, of the change in small entity status. The District Court was in the unique position to consider the credibility of Mr.

Dellett. Snap-Tite's esoteric arguments cannot defeat the District Court's firm pronouncement from the bench:

> I think this issue of whether the proper fee was paid on time is a non-issue.

Snap-Tite's petition at A5.

4. 35 U.S.C. § 41(b) AND 37 C.F.R. §§ 1.362, 1.366 AND 1.378 DO NOT AFFECT THE APPLICABILITY OF 37 C.F.R. § 1.28(c).

The Commissioner of Patents and Trademarks has been given broad rule-making powers under 35 U.S.C. § 6 to promulgate regulations to implement the statutory scheme and for the conduct of proceedings in the Patent and Trademark Office. 35 U.S.C. § 6(a). *Accord Gerritsen v. Shirai*, 979 F.2d 1524, 1528 (Fed. Cir. 1992). A rule promulgated pursuant to statutory authority has the force and effect of law. *Animal Legal Defense Fund v. Quigg*, 932 F.2d 920, 930-31 (Fed. Cir. 1991). Snap-Tite does not dispute that § 1.28(c) was duly promulgated under the rule-making authority of the Commissioner of Patents and Trademarks, and therefore, has the force and effect of law.

Snap-Tite's argument essentially amounts to a plea to ignore § 1.28(c) and instead, look at more general statutes and regulations to the exclusion of § 1.28(c). However, more specific statutes and regulations should be applied over more general statutes and regulations that do not speak to a specific situation. *See Guidry v. Sheet Metal Workers National Pension Fund*, 493 U.S. 365, 375, 110 S.Ct. 680, 687 (1990). In this case, § 1.28(c) speaks directly to the specific fact situation of a patent owner paying small entity fees in good faith when in actuality, large entity

fees were due. Therefore, § 1.28(c) is the applicable law to be applied to the present situation.

Section 1.28(c) speaks to payments of what the payor believes in good faith to be the proper fee as a result of a yet undiscovered error concerning entity status. The statutes and regulations relied on by Snap-Tite are general and speak to simply paying the proper amount of the maintenance fee. A patent owner that satisfies the requirements of § 1.28(c) also satisfies the statute and other regulations because the patent owner has paid the proper fee at the time of payment; it is only a later-found mistake that raises the need for submission of the deficiency pursuant to § 1.28(c).

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be denied.

Respectfully submitted.

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October 6, 1994

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Patent and Trademark Office
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75N5/0302

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DATE MAILED
03/02/94

MAINTENANCE FEE STATEMENT

The data shown below is from the records of the Patent and Trademark Office. If the maintenance fees and any necessary surcharges have been timely paid for the patents listed below, the notation "PAID" will appear in column 10, "status" below.

If a maintenance fee payment is defective, the reason is indicated by code in column 10, "status" below. An explanation of the codes appears on the reverse of the Maintenance Fee Statement. TIMELY CORRECTION IS REQUIRED IN ORDER TO AVOID EXPIRATION OF THE PATENT. NOTE 37 CFR 1.377. THE PAYMENT(S) WILL BE ENTERED UPON RECEIPT OF ACCEPTABLE CORRECTION. IF PAYMENT OR CORRECTION IS SUBMITTED DURING THE GRACE PERIOD, A SURCHARGE IS ALSO REQUIRED. NOTE 37 CFR 1.20(k) and (l).

If the statement of small entity status is defective the reason is indicated below in column 10 for the related patent number. THE STATEMENT OF SMALL ENTITY

STATUS WILL BE ENTERED UPON RECEIPT OF ACCEPTABLE CORRECTION.

ITM NBR	PATENT NUMBER	FEE CDE	FEE AMOUNT	SUR CHARGE
1	4,694,859	173	830	___

SERIAL NUMBER	PATENT DATE	FILE DATE	PAY YR	SML ENT	STAT
06/801,477	09/22/87	11/25/85	04	NO	PAID

If the "status" column for a patent number listed above does not indicate "PAID" a code or an asterisk (*) will appear in the "status" column. Where an asterisk (*) appears, the codes are set out below by the related item number. An explanation of the codes indicated in the "status" column and as set out below by the related item number appears on the reverse of the maintenance fee statement.

ITM NBR	ATTY DKT NUMBER
1	NATT:001-WID

DIRECT THE RESPONSE TOGETHER WITH ANY QUESTIONS ABOUT THIS NOTICE TO: COMMISSIONER OF PATENTS AND TRADEMARKS, BOX M. FEE, WASHINGTON, DC 20231

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JVN

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In re Maintenance Fee Payments :
for U.S. Patents No's. : ON PETITION
4,694,859 and 4,754,780 :

This is a decision on the petition, filed March 31, 1993 and supplemented on March 18, 1994, under 37 CFR 1.182 for a determination that the above-identified patents have expired.

The petition is dismissed.

37 CFR 1.182 allows for petitions to be filed concerning "questions not specifically provided for." Rule 1.182 states:

> "All cases not specifically provided for in the regulations of this part will be decided in accordance with the merits of each case by or under the authority of the Commissioner, and such decision will be communicated to the interested parties in writing."

Rule 1.182 by its terms applies only where other rules are inapplicable and is not intended as a means for evading the requirements of other rules. *Hicks v. Costello,* 1903 C.D. 123 (Comm'r. Pat. 1903).

A petition under Rule 1.182 is justified only under unusual circumstances. A petition under this rule will only be granted when the circumstances of the case call for an exercise of the Commissioners authority in questions not specifically provided for in the rules.

Proceedings relative to the payment of maintenance fees before the Patent and Trademark Office (PTO) ordinarily are *ex parte*. Nothing in the law or regulations gives rise to a right in nonpatentees to object to the way in which the PTO processes maintenance fee payments. A third party has no right to intervene in the PTO processing of maintenance fee payments.

The PTO processing of maintenance fee payments is *ex parte* in nature. It is a question between the patentee and the PTO on behalf of the public, and no member of the public is ordinarily permitted to participate in the matter.

The PTO has reviewed petitioner's arguments, but will not further treat this matter other than to note that PTO records reveal that the above-identified patents are not expired.

/s/ Jeffrey V. Nase
Jeffrey V. Nase, Director
Office of Petitions
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for Patents

cc:
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